

**ASRC WIRELESS SERVICES, INC.**

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February 14, 2001

Magalie Roman Salas  
Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
TW-A325  
Washington, DC 20554

Re: Oral and Written Ex Parte Presentations -  
CC Docket No. 96-45  
WT Docket No. 99-266

Dear Ms. Salas:

Alaska Native Wireless, L.L.C. ("ANW") hereby gives notice of oral and written ex parte presentations in the above-referenced proceedings. The substance of ANW's oral presentations is summarized in the enclosed written material, which was also furnished to Commission staff as part of the presentations.

ANW's presentations were made to Anita Cheng, Gene Fullano, Richard Smith, and Mark Nadel of the Accounting Policy Division of the Common Carrier Bureau; David Furth, Rachel Kazan, Denise Walter, Roger Noel, Leora Hochstein, and Erin McGrath of the Wireless Telecommunications Bureau; and Geoffrey Blackwell of the Consumer Information Bureau (Commission Liaison to Tribal Governments).

One copy of ANW's written presentation is being submitted electronically herewith pursuant to Sections 1.1206(b)(1) and (b)(2) of the Commission's Rules.

Sincerely,

Conrad N. Bagne

Enclosure

# **Alaska Native Wireless**

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## **Tribal Lands Project - Concept Proposal**

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# **Alaska Native Wireless - - Introduction**

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- **Controlled by Three Alaska Native Corporations**
  - 40,000 Native American shareholders (Eskimo, Athabaskan, Tlingit-Haida)
  - Substantially disadvantaged group
  - One-third live below poverty level
  - Need to diversify business to participate in new economy
  - \$90-plus million of Alaska Native capital invested to date
  - Substantial interest in furtherance of FCC Tribal Lands Initiative
- **Alaska Native Wireless believes it will be the largest minority-controlled holder of FCC licenses in U.S. history**
  - Industry characterized by substantial lack of minority ownership
- **Alaska Native Wireless creates a substantial New Entrant in telecom industry**
  - Positioned with sufficient scale and capital to generate change

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# **Alaska Native Wireless - - Introduction**

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- Pertinent goals for Alaska Native Wireless:
  - Training and hiring of Native Americans and other minorities
  - Involvement of other Native American Tribes
  - Development of real demonstration projects on Tribal Lands ("ANW Tribal Lands Projects")
- Goals of ANW Tribal Projects:
  - Achieve real, completed projects to develop wireless service on Tribal Lands
  - Create demonstration projects and examples for telecom industry
  - Create template for further developments by telecom industry or Tribal entities.

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## **ANW Tribal Lands Projects**

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- Developed in response to FCC Tribal Lands Initiative (including invitation from FCC to request additional support)
- Potential Project areas:
  - 17 markets designated for potential bid credit:
    - NOTE: These markets have been initially selected to preserve eligibility for bid credits on existing reservation lands. ANW may ultimately determine that all or part of this group is ineligible or cannot sustain a viable economic development model.
    - Juneau, AK
    - Fairbanks, AK
    - Kalispell, MT
    - Bismark, ND
    - Minot, ND
    - Tulsa, OK
    - Ada, OK
    - Charlotte, NC

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## **ANW Tribal Lands Projects**

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- Los Angeles, CA
  - Joplin, MO
  - Minneapolis, MN
  - New London, CT
  - New York, NY
  - Spokane, WA
  - Olympia, WA
  - Bellingham, WA
  - Portland, OR
- 
- Several other areas to be identified for review in coordination with FCC
  - Core Goal: Creation of development plan that will work
    - Time and effort to complete regulatory process (FCC, State, Tribal) is substantial negative cost.

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# **ANW Tribal Lands Projects**

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- Standard economic assessment: too expensive, negative returns
- Substantial needs of Native American groups
- Need of Tribes and FCC for real, executed, completed, and succesful demonstration projects
- Plan:
  - ANW provides:
    - Business plan
    - Native American-based process - - cultural understanding, process, time, energy, focus
    - Capital funding
    - Developed wireless service product
    - Commitment to proceed with proposed developments
  - FCC Provides:
    - Subject to FCC process, targeted and expanded support for demonstration projects:
      - Lifeline support
      - Link Up support
      - Expanded and transferable bid credits
      - Extension of 90 day deadline for bid credit certification

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## **ANW Tribal Lands Projects**

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- Key Initial Step: Framework for project - - we propose expedited development of an ANW/FCC Memorandum of Understanding that articulates the reciprocal commitments of ANW and the FCC

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## **ANW - Basic Economic Model**

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- An initial wireless economic model for a Tribal Lands Project is attached.
  - Assumptions:
    - Small population
    - Penetration to 40% over 5 years
    - Distance from switch - - back haul costs
    - Low Revenue per subscriber
    - Low density in relation to area to be covered
    - High maintenance costs
    - Low roaming revenue
    - Low data use
  - Results: Negative returns
  - Successful model with Targeted Support:
    - Lifeline
    - Link Up
    - Bid Credit
    - Results: Low to break even returns - - may create feasible demonstration project

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Case 1 Base Case

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Comments
Gross Population	800	800	800	800	800	800	800	800	800	800	800	
% Change	NA	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Covered Pops	800	800	800	800	800	800	800	800	800	800	800	
Covered Pops as % of Gross Pops	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	Driver
<b>Subscriber Assumptions</b>												
Beginning Subscribers	-	80	128	176	224	240	256	272	288	304	320	
Gross Additions	80	58	63	69	43	45	47	49	51	52	54	
% Growth Gross Additions	NA	(28.0%)	10.0%	9.1%	(38.0%)	4.5%	4.3%	4.1%	3.9%	3.8%	3.7%	
Deactivations	-	10	15	21	27	29	31	33	35	36	38	
% Churn	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	Driver
Net Adds	80	48	48	48	16	16	16	16	16	16	16	
Ending Subscribers	80	128	176	224	240	256	272	288	304	320	336	
% Subscriber Growth	NA	60.0%	37.5%	27.3%	7.1%	6.7%	6.3%	5.9%	5.6%	5.3%	5.0%	
Average Subscribers	40	104	152	200	232	248	264	280	296	312	328	
Ending Penetration (Total POPs)	10.0%	16.0%	22.0%	28.0%	30.0%	32.0%	34.0%	36.0%	38.0%	40.0%	42.0%	
Ending Penetration (Covered POPs)	10.0%	16.0%	22.0%	28.0%	30.0%	32.0%	34.0%	36.0%	38.0%	40.0%	42.0%	
Incremental Penetration	10.0%	6.0%	6.0%	6.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	Driver

Case 1 Base Case

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	
<b>Revenue Assumptions</b>													
Service Revenue/Avg Sub	(A)	\$25.00	\$25.25	\$25.50	\$25.76	\$26.02	\$26.28	\$26.54	\$26.80	\$27.07	\$27.34	\$27.62	Driver
% Growth		NA	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
Roaming Revenue/Avg Sub	(B)	-	-	-	-	-	-	-	-	-	-	-	
% Growth		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
Total Cellular Revenue/Avg Sub		\$25.00	\$25.25	\$25.50	\$25.76	\$26.02	\$26.28	\$26.54	\$26.80	\$27.07	\$27.34	\$27.62	
Service Revenue/Avg Sub % Change		NA	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
Total Cellular Revenue/Avg Sub % Change		NA	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
Cost of Equipment/Gross Add		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Driver
Equipment Sales/Gross Add	(C)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Driver
Equipment Loss/Gross Add		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Home MOUs per Subscriber / Month		300	306	312	318	325	331	338	345	351	359	366	Driver
Growth		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	Driver
Average Subscribers		40	104	152	200	232	248	264	280	298	312	328	
Home MOUs		144,000	381,888	569,307	764,070	904,047	985,723	1,070,305	1,157,875	1,248,520	1,342,328	1,439,389	
Home Rate per Minute		\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	
Internet Access/ Avg Sub	(D)	\$15.00	\$15.15	\$15.30	\$15.45	\$15.61	\$15.77	\$15.92	\$16.08	\$16.24	\$16.41	\$16.57	Driver
% Growth		NA	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
Other Revenue (Voice including LD)/Avg St	(E)	\$1.80	\$1.82	\$1.84	\$1.85	\$1.87	\$1.89	\$1.91	\$1.93	\$1.95	\$1.97	\$1.99	Driver
% Growth		NA	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
Other Revenue/Avg Sub(Internet)	(F)	\$1.00	\$1.01	\$1.02	\$1.03	\$1.04	\$1.05	\$1.06	\$1.07	\$1.08	\$1.09	\$1.10	Driver
% Growth		NA	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
Universal Service Fund Revenue/Avg Sub	(G)	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	Driver
% Change		NA	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
<b>Outcollect Roaming</b>													
Air MOUs		0	0	0	0	0	0	0	0	0	0	0	
% Change		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Driver
Revenue per Minute		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Driver
% Change		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
Air Revenue		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Toll / Air MOUs		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Driver
Toll MOUs		0	0	0	0	0	0	0	0	0	0	0	
Toll Revenue per MOU		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Driver
% Change		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
Toll Revenue		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Outcollect Revenue	(B)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
% Change		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
Blended Rate / Outcollect MOU		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
Roaming MOUs / Subscriber / Month		0	0	0	0	0	0	0	0	0	0	0	

Case 1 Base Case

## Operating Projections - Revenue

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenue</b>												
Subscriber Revenue	(A)	\$12,000	\$31,512	\$46,517	\$61,818	\$72,426	\$78,195	\$84,072	\$90,059	\$96,158	\$102,369	\$108,695
% Change		NA	162.6%	47.6%	32.9%	17.2%	8.0%	7.5%	7.1%	6.8%	6.5%	6.2%
Roamer Revenue	(B)	0	0	0	0	0	0	0	0	0	0	0
% Change		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
% of Subscriber Revenue		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equipment Sales	(C)	0	0	0	0	0	0	0	0	0	0	0
% Change		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Internet Access Revenue	(D)	7,200	18,907	27,910	37,091	43,456	46,917	50,443	54,036	57,695	61,421	65,217
% Change		NA	162.6%	47.6%	32.9%	17.2%	8.0%	7.5%	7.1%	6.8%	6.5%	6.2%
% of Total Revenues		23.9%	24.0%	24.0%	24.1%	24.2%	24.3%	24.3%	24.4%	24.5%	24.6%	24.6%
Other Revenue	(E)	864	2,269	3,349	4,451	5,215	5,630	6,053	6,484	6,923	7,371	7,826
% Change		NA	162.6%	47.6%	32.9%	17.2%	8.0%	7.5%	7.1%	6.8%	6.5%	6.2%
% of Total Revenues		2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	3.0%
Other Revenue	(F)	480	1,260	1,861	2,473	2,897	3,128	3,363	3,602	3,846	4,095	4,348
% Change		NA	162.6%	47.6%	32.9%	17.2%	8.0%	7.5%	7.1%	6.8%	6.5%	6.2%
% of Total Revenues		1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
Universal Service Fund Revenue	(G)	9,600	24,960	36,480	48,000	55,680	59,520	63,360	67,200	71,040	74,880	78,720
% Change		NA	160.0%	46.2%	31.6%	16.0%	6.9%	6.5%	6.1%	5.7%	5.4%	5.1%
% of Total Revenues		31.8%	31.6%	31.4%	31.2%	31.0%	30.8%	30.6%	30.4%	30.1%	29.9%	29.7%
Total Revenue		\$30,144	\$78,909	\$116,116	\$153,833	\$179,673	\$193,390	\$207,292	\$221,382	\$235,662	\$250,136	\$264,806
% Change		NA	161.8%	47.2%	32.5%	16.8%	7.6%	7.2%	6.8%	6.5%	6.1%	5.9%

Case 1 Base Case

## Operating Projections - Expenses

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	
<b>Expense Assumptions</b>												
<b>G&amp;A</b>												
Billing/Avg Sub	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	Driver
Customer Service /Avg Sub	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	Driver
Other G&A/Avg Sub	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	Driver
% Change	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
Total G&A/ Avg Sub	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	
% Change	NA	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
<b>Network Cost</b>												
Cell Sites	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	Driver
Backhaul / Cell Site	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	Driver
Total Backhaul Exp./Avg Sub	50.00	19.23	13.16	10.00	8.62	8.06	7.58	7.14	6.76	6.41	6.10	
Maintenance / Cell Site	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	Driver
Total Maintenance Cell Exp./Avg Sub	37.50	14.42	9.87	7.50	6.47	6.05	5.68	5.36	5.07	4.81	4.57	
HOPs in use	3	3	3	3	3	3	3	3	3	3	3	
Maintenance per HOP	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	Driver
HOP Maintenance Exp./Avg Sub	150.00	57.69	39.47	30.00	25.86	24.19	22.73	21.43	20.27	19.23	18.29	
Interconnect Expense/ MOU	\$0.005	\$0.005	\$0.005	\$0.005	\$0.005	\$0.005	\$0.005	\$0.005	\$0.005	\$0.005	\$0.005	Driver
Home MOUs/Avg Sub	3,600	3,672	3,745	3,820	3,897	3,975	4,054	4,135	4,218	4,302	4,388	
Total Interconnect Exp./Avg Sub	18.00	18.36	18.73	19.10	19.48	19.87	20.27	20.68	21.09	21.51	21.94	
Network Incollect Cost / Avg Sub	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	Driver
Total Network Cost	\$256.50	\$110.71	\$82.23	\$67.60	\$61.43	\$59.18	\$57.26	\$55.60	\$54.18	\$52.96	\$51.81	
% Change	NA	(56.8%)	(25.7%)	(17.8%)	(9.1%)	(3.7%)	(3.3%)	(2.9%)	(2.6%)	(2.3%)	(2.0%)	
Network Cost / Network MOU	0.86	0.36	0.26	0.21	0.19	0.18	0.17	0.16	0.15	0.15	0.14	
Total Operating/Avg Sub	\$259.50	\$113.71	\$85.23	\$70.60	\$64.43	\$62.18	\$60.26	\$58.60	\$57.18	\$55.96	\$54.91	
% Change	NA	(56.2%)	(25.0%)	(17.2%)	(8.7%)	(3.5%)	(3.1%)	(2.7%)	(2.4%)	(2.1%)	(1.9%)	
<b>Sales and Marketing/Gross Add</b>	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	Driver
% Change	NA	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
CPGA (S&M + equipment subsidy)	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	
% Change	NA	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
<b>Capex Assumptions</b>												
<b>Cell Site Capex</b>												
Incremental Cell Sites	1	0	0	0	0	0	0	0	0	0	0	Driver
Cost per Cell Site	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	Driver
Incremental Cell Sites Capex	\$300,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Backhaul Capex</b>												
HOPs Constructed	3	0	0	0	0	0	0	0	0	0	0	Driver
Cost per HOP	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	Driver
HOP Capex	\$1,500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Backup HOPs Constructed	1	0	0	0	0	0	0	0	0	0	0	Driver
Cost per Backup HOP	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	Driver
Backup HOP Capex	\$250,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Miscellaneous Capex/Net Add	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	Driver
Net Adds	80	48	48	48	16	16	16	16	16	16	16	
Total Miscellaneous Capex	\$800	\$480	\$480	\$480	\$160	\$160	\$160	\$160	\$160	\$160	\$160	
Total Capex	\$2,050,800	\$480	\$480	\$480	\$160	\$160	\$160	\$160	\$160	\$160	\$160	
Capex/Net Add	\$25,635	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	

Case 1 Base Case

## Operating Projections - Expenses

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Net Revenue		\$30,144	\$78,909	\$116,116	\$153,833	\$179,673	\$193,390	\$207,292	\$221,382	\$235,662	\$250,136	\$264,806
Equipment Sales		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenue		\$30,144	\$78,909	\$116,116	\$153,833	\$179,673	\$193,390	\$207,292	\$221,382	\$235,662	\$250,136	\$264,806
<b>Expenses</b>												
Total Network Cost												
Network Cost/Avg Sub		\$256.50	\$110.71	\$82.23	\$67.80	\$61.43	\$59.18	\$57.26	\$55.60	\$54.18	\$52.96	\$51.91
Average Subs		40	104	152	200	232	248	264	280	296	312	328
Total Network Cost per year	(1)	\$123,120	\$138,161	\$149,982	\$162,244	\$171,027	\$176,119	\$181,386	\$186,833	\$192,463	\$198,284	\$204,299
% of Service Rev		1026.0%	438.4%	322.4%	262.5%	236.1%	225.2%	215.8%	207.5%	200.2%	193.7%	188.0%
% Change		NA	12.2%	8.6%	8.2%	5.4%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Cost of Equipment Sold	(2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
% of Equipment Rev		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total G&A Expense												
G&A Expense/Avg Sub		\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Average Subs		40	104	152	200	232	248	264	280	296	312	328
Total G&A Expense per year	(3)	\$1,440	\$3,744	\$5,472	\$7,200	\$8,352	\$8,928	\$9,504	\$10,080	\$10,656	\$11,232	\$11,808
% of Total Rev		4.8%	4.7%	4.7%	4.7%	4.6%	4.6%	4.6%	4.6%	4.5%	4.5%	4.5%
% Change		NA	(0.7%)	(0.7%)	(0.7%)	(0.7%)	(0.7%)	(0.7%)	(0.7%)	(0.7%)	(0.7%)	(0.7%)
Sales & Marketing	(4)											
Sales & Marketing/Gross Add		\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
Gross Adds		80	58	63	69	43	45	47	49	51	52	54
Total Sales & Marketing per year		\$16,000	\$11,520	\$12,672	\$13,824	\$8,576	\$8,960	\$9,344	\$9,728	\$10,112	\$10,496	\$10,880
% of Total Rev		53.1%	14.6%	10.9%	9.0%	4.8%	4.6%	4.5%	4.4%	4.3%	4.2%	4.1%
% Change		NA	(28.0%)	10.0%	9.1%	(38.0%)	4.5%	4.3%	4.1%	3.9%	3.8%	3.7%
Total Expenses	(1+2+3+4)	\$140,560	\$153,425	\$168,126	\$183,268	\$187,955	\$194,007	\$200,234	\$206,641	\$213,231	\$220,012	\$226,987
EBITDA		(\$110,416)	(\$74,517)	(\$52,010)	(\$29,436)	(\$8,281)	(\$617)	\$7,058	\$14,741	\$22,431	\$30,124	\$37,818
% Margin (Net Revenue)		(366.3%)	(94.4%)	(44.8%)	(19.1%)	(4.6%)	(0.3%)	3.4%	6.7%	9.5%	12.0%	14.3%
% Change		NA	NM	NM	NM	NM	NM	NM	108.9%	52.2%	34.3%	25.5%
Depreciation & Amortization		\$256,350	\$256,410	\$256,470	\$256,530	\$256,550	\$256,570	\$256,590	\$256,610	\$280	\$240	\$200
Capital Expenditures		\$2,050,800	\$480	\$480	\$480	\$160	\$160	\$160	\$160	\$160	\$160	\$160

Case 1 Base Case

**Depreciation Schedule****Depreciation and Amortization for Income Reporting**

Existing	Depreciation Period
New	8

			2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Existing PP&E	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2001	2,050,800		256,350	256,350	256,350	256,350	256,350	256,350	256,350	256,350	-	-	-
2002	480		-	60	60	60	60	60	60	60	60	60	-
2003	480		-	-	60	60	60	60	60	60	60	60	-
2004	480		-	-	-	60	60	60	60	60	60	60	60
2005	160		-	-	-	-	20	20	20	20	20	20	20
2006	160		-	-	-	-	-	20	20	20	20	20	20
2007	160		-	-	-	-	-	-	20	20	20	20	20
2008	160		-	-	-	-	-	-	-	20	20	20	20
2009	160		-	-	-	-	-	-	-	-	20	20	20
2010	160		-	-	-	-	-	-	-	-	-	20	20
2011	160		-	-	-	-	-	-	-	-	-	-	20
Total Depreciation			\$256,350	\$256,410	\$256,470	\$256,530	\$256,550	\$256,570	\$256,590	\$256,610	\$280	\$240	\$200

**Depreciation for Tax Purposes**

Existing	Depreciation Period
New	8

			2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Existing PP&E	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2001	2,050,800		256,350	256,350	256,350	256,350	256,350	256,350	256,350	256,350	-	-	-
2002	480		-	60	60	60	60	60	60	60	60	60	-
2003	480		-	-	60	60	60	60	60	60	60	60	-
2004	480		-	-	-	60	60	60	60	60	60	60	60
2005	160		-	-	-	-	20	20	20	20	20	20	20
2006	160		-	-	-	-	-	20	20	20	20	20	20
2007	160		-	-	-	-	-	-	20	20	20	20	20
2008	160		-	-	-	-	-	-	-	20	20	20	20
2009	160		-	-	-	-	-	-	-	-	20	20	20
2010	160		-	-	-	-	-	-	-	-	-	20	20
2011	160		-	-	-	-	-	-	-	-	-	-	20
Total Depreciation			\$256,350	\$256,410	\$256,470	\$256,530	\$256,550	\$256,570	\$256,590	\$256,610	\$280	\$240	\$200

**Reporting Purposes****Intangibles**

Years Amortization 40

**Total Amortization (Pre-existing)**

	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Amortization (Pre-existing)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Tax Purposes****License**

Years Amortization 40

**Total Amortization (Pre-existing)**

	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Amortization (Pre-existing)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

## Summary

Case 1 Base Case

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total POPs	800	800	800	800	800	800	800	800	800	800	800
Subscribers	80	128	176	224	240	256	272	288	304	320	336
Penetration	10.0%	16.0%	22.0%	28.0%	30.0%	32.0%	34.0%	36.0%	38.0%	40.0%	42.0%
Subscriber Revenue	\$12,000	\$31,512	\$46,517	\$61,818	\$72,426	\$78,195	\$84,072	\$90,059	\$96,158	\$102,369	\$108,695
Roamer Revenue	0	0	0	0	0	0	0	0	0	0	0
Equipment Sales	0	0	0	0	0	0	0	0	0	0	0
Internet Access Revenue	7,200	18,907	27,910	37,091	43,456	46,917	50,443	54,036	57,695	61,421	65,217
Other Revenue (Voice Including Long Distance)	864	2,269	3,349	4,451	5,215	5,630	6,053	6,484	6,923	7,371	7,826
Other Revenue (Internet)	480	1,260	1,861	2,473	2,897	3,128	3,363	3,602	3,846	4,095	4,348
Universal Service Fund Revenue	9,800	24,960	36,480	48,000	55,680	59,520	63,360	67,200	71,040	74,880	78,720
Total Revenue	\$30,144	\$78,909	\$116,116	\$153,833	\$179,673	\$193,390	\$207,292	\$221,382	\$235,662	\$250,136	\$264,806
Average Subs	40	104	152	200	232	248	264	280	296	312	328
Gross Adds	80	58	63	69	43	45	47	49	51	52	54
Total Billings Expense	\$480	\$1,248	\$1,824	\$2,400	\$2,784	\$2,976	\$3,168	\$3,360	\$3,552	\$3,744	\$3,936
Total Customer Service Expense	960	2,496	3,648	4,800	5,568	5,952	6,336	6,720	7,104	7,488	7,872
Total Other G&A Expense	0	0	0	0	0	0	0	0	0	0	0
Total G&A Expense	\$1,440	\$3,744	\$5,472	\$7,200	\$8,352	\$8,928	\$9,504	\$10,080	\$10,656	\$11,232	\$11,808
Total Backhaul Expense	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
Total Maintenance Cell Expense	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000
Total Cell HOP Maintenance Expense	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000
Total Interconnect Expense	8,640	22,913	34,158	45,844	54,243	59,143	64,218	69,473	74,911	80,540	86,363
Total Incollect Roaming Cost	480	1,248	1,824	2,400	2,784	2,976	3,168	3,360	3,552	3,744	3,936
Total Network Cost	\$123,120	\$138,161	\$149,982	\$162,244	\$171,027	\$176,119	\$181,386	\$186,833	\$192,463	\$198,264	\$204,299
Total Sales and Marketing Cost	16,000	11,520	12,672	13,824	8,576	8,960	9,344	9,728	10,112	10,496	10,880
Total Expenses	\$140,560	\$153,425	\$168,126	\$183,268	\$187,955	\$194,007	\$200,234	\$206,641	\$213,231	\$220,012	\$226,987
EBITDA	(\$110,416)	(\$74,517)	(\$52,010)	(\$29,436)	(\$8,281)	(\$617)	\$7,058	\$14,741	\$22,431	\$30,124	\$37,818
Margin (%)	(366.3%)	(94.4%)	(44.8%)	(19.1%)	(4.6%)	(0.3%)	3.4%	6.7%	9.5%	12.0%	14.3%
Capital Expenditures	\$2,050,800	\$480	\$480	\$480	\$160	\$160	\$160	\$160	\$160	\$160	\$160
Churn	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Home Revenue per Subscriber	\$25.00	\$25.25	\$25.50	\$25.76	\$26.02	\$26.28	\$26.54	\$26.80	\$27.07	\$27.34	\$27.62
Roamer Revenue per Subscriber	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Internet Access Revenue per Subscriber	15.00	15.15	15.30	15.45	15.61	15.77	15.92	16.08	16.24	16.41	16.57
Other Revenue (Voice Include. LD) per Subscriber	1.80	1.82	1.84	1.85	1.87	1.89	1.91	1.93	1.95	1.97	1.99
Other Revenue (Internet) per Subscriber	1.00	1.01	1.02	1.03	1.04	1.05	1.06	1.07	1.08	1.09	1.10
Universal Service Fund Revenue per Subscriber	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Total Revenue per Subscriber	\$62.80	\$63.23	\$63.66	\$64.10	\$64.54	\$64.98	\$65.43	\$65.89	\$66.35	\$66.81	\$67.28